



FEMA

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MEMORANDUM FOR: Regional Administrators  
Acting Regional Administrators  
FEMA Regions I – X

FROM: Deborah S. Ingram  
Acting Deputy Assistant Administrator  
for Mitigation

SUBJECT: Greatest Savings to The Fund data for eligible Severe Repetitive loss  
Properties

The following information provides guidance on how to use the Greatest Savings to The Fund (GSTF) data and methodology to demonstrate the cost effectiveness of mitigation projects submitted to the Severe Repetitive Loss (SRL) program. **Only flood mitigation project applications submitted for SRL funding may use the GSTF data and methodology.** Applicants are not required to use this methodology when submitting projects for funding, and may continue to utilize existing FEMA benefit cost analysis tools for the SRL program.

The attached information is based on the National Flood Insurance Program (NFIP) records as of September 2008 and is considered valid until superseded by an updated data set. Please note that certain data utilized in this methodology, such as insurance premium and coverage amounts for SRL properties, will be verified by FEMA upon review of projects submitted for funding. Changes in insurance premium or coverage amounts could impact the calculated savings to the fund.

Please note this list is protected by the Privacy Act and provided for approved uses only.

The data is provided as information to assist program applicants in determining which properties may be good candidates for the SRL program. Due to the large number of properties, FEMA was not able to perform detailed technical review of each calculation. A more detailed review will be performed when an application has been submitted for review.

When assessing cost effectiveness of a proposed project, SRL program applicants may apply the property-specific savings to the fund value indicated in the attached data as the mitigation benefit. The benefits are then divided by the Federal share of the project cost (including the cost of administering the SRL mitigation program), as determined by the program applicant and reviewed by Grant Program staff. In accordance with program guidance, the resulting ratio must equal or exceed 1.0 to receive SRL program funds.

### **Eligible Severe Repetitive Loss Properties**

FEMA updates the list of validated Severe Repetitive Loss Properties as additional properties are validated to meet certain NFIP claims and insurance coverage criteria. As additional SRL properties are identified, FEMA will periodically update the GSTF data for use by SRL program applicants.

If an applicant submits a project for consideration that includes multiple SRL properties, the applicant may compile the benefits by aggregating the total value of all benefits for properties within the project. Aggregation of benefits is allowed if the structures are proximate, such as located within a neighborhood or subdivision.

Please note that benefits within a project must be derived from the same benefit calculation methodology. If multiple properties are combined, the aggregated benefit is divided by the aggregate of the Federal share of the project cost. The resulting ratio must equal or exceed 1.0 to receive SRL program funds.

### **Eligible Severe Repetitive Loss Project Types**

This guidance applies only to the determination of cost-effectiveness relevant to acquisition, elevation, and mitigation reconstruction projects submitted for SRL funding.

### **Savings to the Fund Technical Background**

In compliance with statutory directive, FEMA has developed this cost effectiveness approach to compare the benefit and cost of mitigating Severe Repetitive Loss properties from the perspective of the National Flood Insurance Fund (NFIF). This Greatest Savings to the Fund approach measures the expected savings of a mitigation activity over a specified time period, such as 30 years.

This methodology is based on the actual loss experience of these SRL Properties. In this approach, the total expected future insurance claim payments and loss adjustment expenses (expected dollars paid out of the NFIF, assuming the property is not mitigated) are reduced by the total expected future insurance premiums available for paying claims (expected dollars paid into the NFIF, assuming the property is not mitigated) to derive the savings to the fund from the proposed mitigation. In this approach, cost of mitigation is the NFIF's cost-share portion of the mitigation activity plus a pro-rata share in the cost of administering the SRL mitigation program. Similar to the more traditional methods of benefit-cost analysis, the savings to the fund (benefit) and project cost are then compared to determine the cost effectiveness of the mitigation activity.

For additional information on how to maximize the benefits for eligible mitigation project types that include eligible SRL properties, contact the Benefit-Cost Helpline by telephone at (866) 222-3580 or email [bchelp@dhhs.gov](mailto:bchelp@dhhs.gov)

cc: Mitigation Division Directors, FEMA Regions I – X

Attachment